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EXTRAORDINARY

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MINISTRY OF LAW

New Delhi, the 17th July 1954

THE INDIAN INCOME-TAX (AMENDMENT) ORDINANCE, 1954

No. 8 OF 1954

Promulgated by the President in the Fifth Year of the Republic of India.

An Ordinance further to amend the Indian Income-tax Act, 1922, to provide for the assessment or re-assessment of persons who have to a substantial extent evaded payment of taxes during a certain period.

WHEREAS Parliament is not in session and the President is satisfied that circumstances exist which render it necessary for him to take immediate action;

NOW, THEREFORE, in exercise of the powers conferred by clause (1) of article 123 of the Constitution, the President is pleased to promulgate the following Ordinance:—

1. Short title and commencement.—(1) This Ordinance may be called the Indian Income-tax (Amendment) Ordinance, 1954.

(2) It shall come into force at once.

2. Amendment of section 34, Act XI of 1922.—During the period of operation of this Ordinance, section 34 of the Indian Income-tax Act, 1922, shall have effect as if after sub-section (1), the following sub-sections had been inserted, namely:—

“(1A) If, in the case of any assessee, the Income-tax Officer has reason to believe—

(i) that income, profits or gains chargeable to income-tax have escaped assessment for any year in respect of which

the relevant previous year falls wholly or partly within the period beginning on the 1st day of September, 1939, and ending on the 31st day of March, 1946; and

(ii) that the income, profits or gains which have so escaped assessment for any such year or years amount, or are likely to amount, to one lakh of rupees or more;

he may, notwithstanding that the period of eight years or, as the case may be, four years specified in sub-section (1) has expired in respect thereof, serve on the assessee, or, if the assessee is a company, on the principal officer thereof, a notice containing all or any of the requirements which may be included in a notice under sub-section (2) of section 22, and may proceed to assess or re-assess the income, profits or gains of the assessee for all or any of the years referred to in clause (i), and thereupon the provisions of this Act [excepting those contained in clauses (i) and (iii) of the proviso to sub-section (1) and in sub-sections (2) and (3) of this section] shall, so far as may be, apply accordingly:

Provided that the Income-tax Officer shall not issue a notice under this sub-section unless he has recorded his reasons for doing so, and the Central Board of Revenue is satisfied on such reasons recorded that it is a fit case for the issue of such notice:

Provided further that no such notice shall be issued after the 31st day of March, 1956.

(1B) Where any assessee to whom a notice has been issued under sub-section (1A) applies to the Central Board of Revenue at any time within six months from the receipt of such notice or before the assessment or re-assessment is made, whichever is earlier, to have the case to which the notice relates settled, the Central Board of Revenue may, after considering the terms of settlement proposed and subject to the previous approval of the Central Government, accept the terms of such settlement, and, if it does so, the assessment or re-assessment shall be made accordingly and shall be final and conclusive in so far as it relates to matters covered by the settlement."

RAJENDRA PRASAD,
President.

K. Y. BHANDARKAR,
Secy. to the Govt. of India.